

The Guarantee Company of North America

Incorporated Statutes of Canada 1851
Federally licensed since 1872



HOME OFFICE
MONTREAL

Fidelity and Surety Bonds
Fire and Casualty Insurance

The Company That Introduced Fidelity Insurance to North America

NINETY-SIXTH ANNUAL REPORT

1968

The Guarantee Company of North America

PLACE DU CANADA
MONTREAL 101 — QUE.

GENERAL MANAGER

J. LORNE COOKE

DEPARTMENT HEADS

G. H. DOBLE	Guarantee — Surety
M. L. JONES	— Fidelity
A. LALONDE	Property
J. A. LAPIERRE	Claims
G. G. MILNES	Accounts
B. SOUCHEREAU, (A.I.I.C.)	Inland Transportation Automobile, Liability

HOME OFFICE INSPECTORS

J. M. ALLARD	W. J. ASSELIN	R. BEAUDOIN
V. DOOLEY	B. HOLLINGSWORTH	

BRANCHES AND SERVICE OFFICES

QUEBEC

QUEBEC — P. A. DESMARAIS, A.I.I.C. SHERBROOKE — R. DUPRAS
TROIS-RIVIÈRES — J. PAGÉ

ONTARIO

TORONTO — W. ADAM - Fire and Casualty
 W. J. GARDNER - Surety & Fidelity
WOODSTOCK — T. L. BENNETT P. KINSELLA
OTTAWA — W. G. ADAMSON

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Ninety-Sixth Annual Report

of the Board of Directors

of

The Guarantee Company of North America

to the Annual General Meeting of Shareholders

on Wednesday, 30th April, 1969

The Guarantee Company of North America

BOARD OF DIRECTORS

*J. P. BASSEL, Q.C.	Toronto
<i>Partner — Bassel, Sullivan, Holland & Lawson</i>	
*PIERRE CÔTÉ	Quebec
<i>President — Laiterie Laval Ltée</i>	
*FRANK COWAN	Princeton
<i>President — Frank Cowan Company Limited</i>	
*BRUNO DESJARDINS	Montreal
<i>Partner — Simard & Desjardins</i>	
DANIEL O'C. DOHENY, Q.C.	Montreal
<i>Partner — Doheny, Day, Mackenzie & Lawrence</i>	
G. BLAIR GORDON	Montreal
<i>President — Blair & Company</i>	
H. CAMERON HAWKEN	Montreal
<i>Vice-President Finance — Marine Industries Limited</i>	
*D. W. McLEAN	Montreal
<i>President — McLean, Budden Limited</i>	
R. R. McLERNON	Montreal
<i>President — Acer, McLernon Incorporated</i>	
W. J. MILHAUSEN, P.Eng.	Toronto
<i>Partner — Marani, Rounthwaite and Dick</i>	
*G. W. MILLAR	Montreal
<i>President — Lyman Tube & Supply Co. Ltd.</i>	
H. M. RAWLINGS	Montreal

*Member Executive Committee.

OFFICERS

G. W. MILLAR	<i>President</i>
J. P. BASSEL, Q.C.	<i>Vice-President</i>
PIERRE CÔTÉ	<i>Vice-President</i>
FRANK COWAN	<i>Vice-President</i>
BRUNO DESJARDINS	<i>Vice-President</i>
J. L. COOKE	<i>General Manager</i>
G. H. DOBLE	<i>Assistant Vice-President</i>
G. G. MILNES	<i>Controller</i>
DAPHNE L. CATLIFF	<i>Secretary</i>
MILDRED L. JONES	<i>Assistant Secretary</i>
D. M. CHADWICK	<i>Treasurer</i>

SOLICITORS: Doheny, Day, Mackenzie & Lawrence

AUDITORS: Riddell, Stead, Graham & Hutchison

TO THE SHAREHOLDERS

The Board of Directors submits herewith the ninety-sixth Annual Report of your Company, together with the consolidated statement of Assets and Liabilities and related financial statements for the year ended December 31, 1968 and the report of your auditors.

On October 1st, 1968 we were successful in completing the planned sale of our subsidiary company, The Guarantee Company of North America, New York. The Company realized a profit of \$85,678 and repatriated the total proceeds of the sale to Canada.

During the year the book value of the Company's investments and mortgages increased by \$1,350,168 to a total of \$8,654,947. Net investment income was \$373,398, an increase of approximately \$47,000 over 1967 and \$91,000 over 1966. High interest rates continue to adversely affect bond prices but our established practice of investing in preferred and common stocks has to some degree offset the depressed values in the bond portfolio.

Net profit for the year (including a non-recurring gain of \$85,678 on the sale of the United States subsidiary) amounted to \$332,829 or \$2.49 per share. Dividends of 90¢ a share were paid.

At the last Annual Meeting Mr. A. A. Cumming stated that he did not wish to stand for re-election to the Board. We wish to express our appreciation for the wise counsel he gave during the years he served.

In insurance, as in other industries, sound planning is essential to long term progress. Your Directors and Management are continuously introducing innovations and improvements that they feel will meet changing conditions over the years.

The Company firmly believes in the future of Canada. We believe it is right to re-affirm this faith and hope that others in responsible positions in Industry and Government will do likewise.

On your behalf the Directors record their sincere thanks to our agents and all employees for their loyal and effective service, which has contributed to the success of the Company over the past year.

on behalf of The Board of Directors
G. W. MILLAR
President

In 1968 your Company continued its pattern of growth. Gross premiums written totalled \$5,498,600 — an increase of more than \$1,300,000 over the previous year. All underwriting departments showed an increase in business written, with significant growth in Property and Casualty classes.

The Company's net premium position (net after reinsurance) increased substantially during the year from \$2,993,942 in 1967 to \$5,017,349 in 1968. The earned loss ratio was a very satisfactory 47% but with the large increase in unearned premium reserve of \$905,697 our overall figure did not produce a statutory underwriting profit. The expense ratio of the Company declined by 4%.

As a matter of interest, 5,894 new claims were reported to the Company during the year and of these 3,768 were handled by our Company adjusters.

Our development patterns are established and the Company now has momentum which should produce another year of progress and controlled growth.

J. L. COOKE
General Manager

April 3rd, 1969

The Guarantee Company of North America

BALANCE SHEET AS AT DECEMBER 31, 1968 (with comparative figures for 1967, 1966 and 1965)

	1968	1967	1966	1965
Assets				
Cash	\$ 125,419	\$ 130,537	\$ 151,102	\$ 30,494
Cash held in trust	154,043	146,111	139,422	256,412
Short-term notes	—	—	200,000	825,000
Marketable securities at cost (Note 1)	8,261,745	6,897,072	6,154,065	5,557,578
Accrued interest receivable	105,098	88,613	76,711	78,409
Mortgage loans	393,202	407,707	298,517	59,860
Premiums receivable	866,400	737,388	468,501	491,312
Due from reinsuring and other insurance companies	43,888	105,067	61,349	21,448
Furniture, fixtures and automobiles at cost less accumulated depreciation	42,063	40,682	34,270	29,018
Special refundable tax	11,956	16,267	13,000	—
	<u>\$10,003,814</u>	<u>\$8,569,444</u>	<u>\$7,596,937</u>	<u>\$7,349,531</u>
Liabilities				
Provision for outstanding claims and claims expense (including provision for unreported claims)	\$ 1,857,092	\$1,572,087	\$1,418,509	\$1,445,645
Special provision for guarantee bonds	170,300	186,949	188,339	202,487
Income and other taxes	46,482	49,328	94,121	68,820
Reinsurers' deposits held in trust	154,043	146,111	139,422	256,412
Other liabilities	671,067	628,024	537,436	626,604
Provision for unearned premiums	2,612,511	1,707,107	1,228,171	1,094,673
	<u>5,511,495</u>	<u>4,289,606</u>	<u>3,605,998</u>	<u>3,694,641</u>
Capital and Surplus				
Capital stock				
Authorized				
200,000 shares of \$5 each				
Issued and fully paid				
133,720 shares	668,600	668,600	668,600	668,600
Earned surplus	2,971,719	2,743,738	2,699,339	2,563,290
Reserve for investments and other contingencies	800,000	800,000	500,000	300,000
Voluntary pension reserve for employees who retired prior to the establishment of Company pension plan	52,000	67,500	123,000	123,000
	<u>4,492,319</u>	<u>4,279,838</u>	<u>3,990,939</u>	<u>3,654,890</u>
	<u>\$10,003,814</u>	<u>\$8,569,444</u>	<u>\$7,596,937</u>	<u>\$7,349,531</u>

The Guarantee Company of North America

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1968

(with comparative figures for 1967, 1966 and 1965)

	1968	1967	1966	1965
Net premiums written	\$5,017,349	\$2,993,942	\$2,151,972	\$1,830,623
Increase in provision for unearned premiums	905,697	478,936	133,498	2,488
Net premiums earned	4,111,652	2,515,006	2,018,474	1,828,135
Claims and claims expense	1,962,414	955,487	728,364	825,333
General operating expenses including commissions	2,292,134	1,514,128	1,149,016	1,050,976
Increase (decrease) in special provision for guarantee bonds	(16,649)	(1,390)	(14,148)	(98,460)
	<u>4,237,899</u>	<u>2,468,225</u>	<u>1,863,232</u>	<u>1,777,849</u>
Underwriting profit (Loss)	(126,247)	46,781	155,242	50,286
Net investment income	373,398	326,523	282,434	279,149
Profit for the year before income taxes	247,151	373,304	437,676	329,435
Income taxes (Note 2)	—	(13,828)	64,700	28,415
NET PROFIT FOR THE YEAR BEFORE EXTRAORDINARY ITEM	247,151	387,132	372,976	301,020
Gain on sale of subsidiary company shares (Note 3)	85,678	—	—	—
NET PROFIT FOR THE YEAR AFTER EXTRAORDINARY ITEM	<u>\$ 332,829</u>	<u>\$ 387,132</u>	<u>\$ 372,976</u>	<u>\$ 301,020</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967	1966	1965
Balance at beginning of year	\$2,743,738	\$2,699,339	\$2,563,290	\$2,002,386
Net profit for the year	332,829	387,132	372,976	301,020
Transferred from general reserve	—	—	—	300,000
Transferred from voluntary pension reserve	15,500	55,500	—	—
	<u>3,092,067</u>	<u>3,141,971</u>	<u>2,936,266</u>	<u>2,603,406</u>
Transferred to investment reserve	—	300,000	200,000	—
Dividends	120,348	80,232	80,232	40,116
Adjustment of prior years' profits and taxes	—	—	(43,305)	—
Organization expenses of U.S. subsidiary	—	18,001	—	—
	<u>120,348</u>	<u>398,233</u>	<u>236,927</u>	<u>40,116</u>
Balance at end of year	<u>\$2,971,719</u>	<u>\$2,743,738</u>	<u>\$2,699,339</u>	<u>\$2,563,290</u>
Net profit per share	\$2.49	\$2.89	\$2.79	\$2.25
Paid per share90	.60	.60	.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1968

NOTE 1. Market values of securities as determined by the Insurance Department of Canada at December 31

1965	\$5,399,503	1967	6,127,985
1966	5,665,409	1968	7,594,982

NOTE 2. Income taxes otherwise payable of \$130,000 have been eliminated by the combined effect of the application of a prior year's loss (\$12,000) and by claiming for tax purposes a provision for unearned premiums in excess of the amounts recorded in the accounts (\$118,000). The accumulated amount by which income taxes have been reduced in this and prior years by claiming for tax purposes provisions for unearned premiums in excess of amounts recorded in the accounts is approximately \$340,000.

A prior year's loss carry forward expiring in 1969, is available to offset taxable income to a maximum amount of approximately \$135,000.

NOTE 3. During the year the Company disposed of all its interest in "The Guarantee Company of North America, New York".

AUDITORS' REPORT

To The Shareholders of
The Guarantee Company of North America

We have examined the balance sheet of The Guarantee Company of North America as at December 31, 1968 and the statements of profit and loss and earned surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations for the year then ended, in accordance with accounting principles and practices in compliance with insurance laws of Canada, applied on a basis consistent with that of the preceding year.

February 28, 1969

RIDDELL, STEAD, GRAHAM & HUTCHISON

The Guarantee Company of North America

MARKETABLE SECURITIES HELD BY THE COMPANY

(Valuation Authorized by the Department of Insurance — Canada)

	Interest Rate	Year	Par Value	Authorized Value
Securities Maturing within one year				
British Columbia Packers Ltd.	6.375%	1969	\$ 200,000	\$ 200,000
Dominion Textile Co. Ltd.	6.25%	1969	300,000	300,000
General Motors Acceptance Corp. of Canada Ltd.	6.5%	1969	150,000	150,000
Niagara Finance Co. Ltd.	6.5%	1969	325,000	325,000
Ontario Hydro-Electric Power Comm.	6.0%	1969	250,000	250,000
Quebec, Province of	3.0%	1969	60,000	60,000
			\$1,285,000	\$1,285,000
All Other Securities				
Abitibi Paper Co. Ltd.	7.25%	1987	\$ 25,000	\$ 23,500
Alberta Gas Trunk Line Co. Ltd.	5.5%	1985	25,000	20,250
	5.75%	1985	25,000	20,250
Algoma Steel Corp. Ltd.	5.25%	1978	25,000	21,250
Avalon Telephone Co. Ltd.	7.0%	1991	50,000	45,500
Bank of Nova Scotia	7.0%	1987	25,000	24,000
Bell Telephone Company of Canada	5.5%	1982	48,000	38,880
	5.5%	1984	25,000	20,000
	5.75%	1984	20,000	16,400
	6.25%	1988	25,000	21,250
	7.625%	1991	35,000	34,650
British Columbia Electric Co. Ltd.	5.125%	1988	20,000	15,200
	5.5%	1989	25,000	19,750
British Columbia Forest Products Ltd.	6.5%	1992	50,000	41,500
British Columbia Telephone Co.	6.75%	1989	50,000	44,000
	6.375%	1991	50,000	42,500
B.P. Refinery Canada Ltd.	5.75%	1986	30,000	23,700
Calgary Power Ltd.	5.75%	1982	25,000	20,750
Canada Cement Co. Ltd.	6.25%	1986	75,000	63,750
Canada, Government of	5.5%	1976	425,000	395,250
	3.25%	1979	100,000	73,000
	4.5%	1983	210,000	161,700
Canadian British Aluminium Co. Ltd.	5.75%	1977	23,000	19,550
Canadian National Railway Co.	4.0%	1981	50,000	37,000
Canadian Utilities Ltd.	5.5%	1986	25,000	19,250
	5.625%	1990	50,000	38,000
Canadian Western Natural Gas Co. Ltd.	5.375%	1983	25,000	19,500
Consumers' Gas Co.	5.5%	1982	25,000	20,250
	5.5%	1983	25,000	20,000
	5.75%	1984	15,000	12,300
Credit Foncier Franco-Canadien	5.5%	1981	25,000	19,750
	5.25%	1982	25,000	19,000
	5.5%	1983	25,000	19,250
	5.5%	1984	25,000	19,000
	5.75%	1985	25,000	19,500
Dominion Foundries and Steel Ltd.	6.5%	1987	50,000	43,500
Dominion Steel & Coal Corporation Ltd.	5.75%	1984	25,000	18,750
Dominion Tar & Chemical Co. Ltd.	5.5%	1982	25,000	19,750
	5.75%	1984	15,000	12,150
Dominion Textile Co. Ltd.	5.625%	1988	50,000	37,500
	6.75%	1990	50,000	43,000
Domtar Limited	6.75%	1987	50,000	43,000
East Coast Smelting & Chemical Co. Ltd.	5.85%	1986	25,000	20,750
	7.25%	1987	25,000	23,750
T. Eaton Acceptance Co. Ltd.	4.5%	1976	25,000	20,250
	5.75%	1983	25,000	20,250
	5.75%	1985	25,000	20,000
T. Eaton Realty Co. Ltd.	6.25%	1986	50,000	43,000
Federal Grain Ltd.	6.0%	1985	25,000	20,000
General Motors Acceptance Corporation of Canada Ltd.	7.0%	1986	100,000	93,000
Hamilton, City of	6.0%	1979	25,000	22,250
Home Oil Co. Ltd.	6.25%	1983	25,000	20,750
Hudson's Bay Oil & Gas Co. Ltd.	5.5%	1983	25,000	20,250
	7.0%	1987	75,000	70,500
Imperial Oil Ltd.	7.375%	1988	25,000	24,750
Industrial Acceptance Corp. Ltd.	5.75%	1981	25,000	20,250
	5.75%	1982	25,000	20,000
	6.5%	1983	50,000	42,500
	6.75%	1984	50,000	53,500
	7.0%	1985	25,000	29,500
Interprovincial Pipe Line Co.	5.5%	1985	50,000	40,000
John Labatt Ltd.	5.75%	1987	25,000	20,000
	5.75%	1989	25,000	19,750
Laurentide Financial Corp. Ltd.	5.75%	1973	25,000	22,500
Lever Brothers Ltd.	6.0%	1985	25,000	21,000
Loblaws Groceries Co. Ltd.	4.0%	1975	25,000	20,000
	6.0%	1977	14,000	12,180
Loblaws Leased Properties Ltd.	4.5%	1981	50,000	38,500
Manitoba Telephone Commission	5.5%	1982	25,000	20,750
Maritime Electric Co. Ltd.	5.75%	1981	25,000	21,000
Miron Company Ltd.	6.0%	1990	25,000	20,250
Mobil Oil Canada Ltd.	7.5%	1988	50,000	48,500
Montreal, City of	4.0%	1975	30,000	24,000
	5.75%	1988	25,000	19,500
	5.75%	2004	25,000	18,250
New Brunswick, Province of	3.5%	1975	50,000	40,500
New Brunswick Telephone Co. Ltd.	6.5%	1986	50,000	43,500
Niagara Finance Co. Ltd.	7.25%	1972	50,000	48,000
	5.75%	1985	25,000	19,500
Noranda Mines Ltd.	7.5%	1988	100,000	98,000
Northern Central Gas Co. Ltd.	6.5%	1986	72,000	61,200
Northern Electric Co. Ltd.	6.25%	1986	75,000	62,250
Northern Utilities Ltd.	5.75%	1988	10,000	7,900
Nova Scotia, Province of	5.5%	1984	25,000	20,500
Otis Elevator Co. Ltd.	7.0%	1986	50,000	46,500
Price Brothers & Co. Ltd.	5.75%	1982	50,000	41,500
Protestant School Board of Greater Montreal	5.5%	1981	25,000	19,500
Forward:				
			\$3,692,000	\$3,147,310

Forward:

\$3,692,000

\$3,147,310

	Interest Rate	Year	Par Value	Authorized Value
Brought Forward			\$3,692,000	\$3,147,310
Quebec Autoroutes Authority	5.75%	1989	25,000	19,750
Quebec Hydro-Electric Commission	5.5%	1982	25,000	20,500
" " " "	5.5%	1987	50,000	39,000
" " " "	5.5%	1988	25,000	19,500
Quebec Natural Gas Corporation	6.0%	1980	19,000	16,150
" " " "	5.75%	1985	7,100	5,467
Quebec Power Co.	6.25%	1982	25,000	21,750
Quebec, Province of	6.0%	1982	10,000	8,600
" " " "	5.25%	1984	25,000	19,500
" " " "	6.0%	1988	100,000	83,000
Quebec Telephone	5.75%	1983	35,000	28,700
" " " "	7.0%	1989	50,000	45,500
Rolland Paper Co. Ltd.	5.75%	1984	25,000	19,500
Royal Trust Company Mortgage Corporation	5.75%	1981	25,000	21,500
" " " "	5.75%	1985	25,000	21,000
" " " "	6.0%	1985	25,000	24,000
RoyNat Ltd.	6.0%	1979	50,000	43,000
" " " "	5.5%	1980	25,000	20,500
" " " "	6.0%	1980	25,000	21,500
" " " "	6.25%	1980	25,000	22,000
Saskatchewan, Province of	5.5%	1982	25,000	21,000
" " " "	5.5%	1984	50,000	41,500
Shell Canada Ltd.	5.75%	1983	25,000	20,250
Shell Properties Ltd.	5.75%	1982	24,000	19,200
Simpsons Acceptance Co. Ltd.	6.75%	1986	50,000	43,500
Simpson Ltd.	6.5%	1987	25,000	21,500
Simpsons-Sears Acceptance Co. Ltd.	6.25%	1986	75,000	63,000
" " " "	7.0%	1986	50,000	47,000
Simpsons-Sears Ltd.	4.5%	1988	50,000	51,500
Steel Company of Canada Ltd.	5.5%	1990	50,000	39,000
Steinberg's Ltd.	5.75%	1984	25,000	20,250
" " " "	6.625%	1986	50,000	44,000
Toronto-Dominion Bank	7.0%	1987	25,000	23,750
Toronto-Dominion Centre Ltd.	8.0%	1993	85,000	85,850
Toronto, Municipality of Metropolitan	4.5%	1976	25,000	21,000
" " " "	5.5%	1982	25,000	21,000
Traders Finance Corporation Ltd.	5.75%	1981	25,000	19,750
Union Gas Company of Canada Ltd.	5.75%	1983	25,000	20,500
" " " "	7.0%	1987	50,000	46,000
Westcoast Transmission Co. Ltd.	5.5%	1988	25,000	20,000
George Weston Ltd.	5.5%	1983	15,000	11,550
" " " "	6.75%	1986	25,000	21,500
" " " "	6.75%	1987	50,000	43,000
Woodbine-Sheppard Shopping Centre Ltd.	8.125%	1993	35,000	35,000
Zeller's Limited	7.0%	1986	60,000	55,800
			\$5,282,100	\$4,524,127
			\$6,567,100	\$5,809,127

Preferred Stocks

Abitibi Paper Co. Ltd. 7½%	\$50	500 shares at	57	\$ 28,500
Alberta Gas Trunk Line Co. Ltd. 5.375%	\$100	1000 " "	109	109,000
Anglo-Canadian Telephone Co. \$3.15	\$50	2200 " "	45	99,000
British Columbia Telephone Co. \$6.80	\$25	1000 " "	27	27,000
Canadian Breweries Ltd. \$2.20	\$50	750 " "	33	24,750
Chemcell — 1963 — Ltd. \$1.75	\$25	4000 " "	26	104,000
Trans-Canada Pipe Lines Ltd. \$2.80	\$50	2500 " "	45	112,500
				\$504,750

Common Stocks

Allied Stores Corporation	NPV	600 shares at	50	\$ 30,000
Avon Products Inc.	\$1	200 " "	141	28,200
Bank of Montreal	\$2	1500 " "	14	21,000
Bell Telephone Company of Canada	\$25	2200 " "	45	99,000
Bristol — Myers Co.	\$1	400 " "	73	29,200
Canadian Pacific Railway Co.	\$25	700 " "	72	50,400
Distillers Corporation — Seagrams Ltd.	\$1	1000 " "	48	48,000
Dominion of Canada General Insurance Co.	\$5	425 " "	85	36,125
Dominion Foundries & Steel Ltd.	NPV	1500 " "	23	34,500
Eastman Kodak Co.	\$2.50	500 " "	84	42,000
Firestone Tire & Rubber Co.	NPV	500 " "	68	34,000
General Cable Corporation	\$1	700 " "	40	28,000
General Telephone & Electronics Corporation	\$3.33	800 " "	46	36,800
Guaranty Trust Company of Canada	\$2	3500 " "	10	35,000
Hiram Walker — Gooderham & Worts Ltd.	NPV	950 " "	38	36,100
Imperial Oil Ltd.	NPV	500 " "	76	38,000
Industrial Acceptance Corporation	NPV	3000 " "	26	78,000
" " Warrants		1000 " "	10	10,000
International Business Machines	\$5	180 " "	331	59,580
International Nickel Co. of Canada Ltd.	NPV	750 " "	40	30,000
S. S. Kresge Co.	\$1.66	1000 " "	44	44,000
MacMillan Bloedel Ltd.	NPV	1000 " "	27	27,000
Moore Corporation Ltd.	NPV	1500 " "	29	43,500
National Dairy Products Corporation	\$2.50	900 " "	47	42,300
Noranda Mines Ltd.	NPV	600 " "	59	35,400
Otis Elevator Co.	\$3.12	700 " "	55	38,500
Procter & Gamble Co.	NPV	400 " "	95	38,000
Radio Corporation of America	NPV	700 " "	50	35,000
Shell Oil Co.	\$1	500 " "	74	37,000
Simpsons Ltd.	NPV	400 " "	37	14,800
Southern California Edison Co.	\$8.33	500 " "	36	18,000
Trans World Airlines Inc.	\$5	200 " "	49	9,800
Union Carbide Canada Ltd.	NPV	500 " "	21	10,500
F. W. Woolworth Co.	\$3.33	1000 " "	33	33,000
Xerox Corporation	\$1	180 " "	280	50,400
				\$1,281,105

SUMMARY OF MARKETABLE SECURITIES HELD at Authorized Values

Bonds	\$5,809,127
Preferred Stock	504,750
Common Stock	1,281,105
	\$7,594,982

La Garantie, Compagnie d'Assurance de l'Amérique du Nord

ETAT DE PROFITS ET PERTES POUR L'ANNEE TERMINEE LE 31 DECEMBRE 1968 (avec chiffres comparatifs pour 1967, 1966 et 1965)

1968	1967	1966	1965
Primes nettes écrites	\$5,017,349	\$2,993,942	\$1,830,623
Augmentation de la provision pour primes non gagnées	905,697	478,936	2,488
Primes nettes gagnées	4,111,652	2,515,006	1,828,135
Réclamations et frais de réclamations	1,962,414	955,487	825,333
Frais généraux d'exploitation, y compris les commissions	2,292,134	1,514,128	1,050,976
Augmentation (diminution) de la provision spéciale pour garantie de cautions	(16,649)	(1,390)	(98,460)
Profit (Perte) d'exploitation	4,237,899	2,468,225	1,777,849
Revenu net de placements	373,398	326,523	50,286
Profit de l'année avant impôts sur le revenu	247,151	373,304	279,149
Impôts sur le revenu (Note 2)	—	(13,828)	329,435
PROFIT NET DE L'ANNEE AVANT ITEM EXCEPTIONNEL	247,151	387,132	28,415
Profit sur la vente des actions de la compagnie filiale (Note 3)	85,678	—	301,020
PROFIT NET DE L'ANNEE APRES ITEMS EXTRAORDINAIRES	\$ 332,829	\$ 387,132	\$ 301,020

ETAT DU SURPLUS D'EXPLOITATION POUR L'ANNEE TERMINEE LE 31 DECEMBRE 1968

1968	1967	1966	1965
Solde au début de l'année	\$2,743,738	\$2,699,339	\$2,002,386
Profit net de l'année	332,829	387,132	301,020
Vire de la réserve générale	—	—	300,000
Vire de la réserve volontaire pour retraite	15,500	55,500	—
Vire à la réserve de placements	3,092,067	3,141,971	2,603,406
Dividendes	—	300,000	—
Régularisation des bénéfices et des taxes des années antérieures	120,348	80,232	40,116
Frais de constitution de la filiale des Etats-Unis	—	—	—
Solde à la fin de l'année	<u>\$2,971,719</u>	<u>\$2,743,738</u>	<u>\$2,563,290</u>
Profit net par actions	\$2.49	\$2.89	\$2.25
Payé par action	.90	.60	.30

NOTES AUX ETATS FINANCIERS POUR L'ANNEE TERMINEE LE 31 DECEMBRE 1968

NOTE 1. Prix du marché des valeurs tel que déterminé par le Département des Assurances du Canada au 31 décembre:
1965 \$5,399,503
1966 5,665,409
1967 1967
1968 6,127,985
7,594,982

NOTE 2. Des impôts sur le revenu de \$130,000 qui auraient dû être payés ont été éliminés par l'application d'une perte antérieure (\$12,000) et par la réclamation pour fins d'impôts d'une provision pour primes non gagnées supérieure aux montants inscrits aux livres (\$118,000). Le montant accumulé de la réduction des impôts sur le revenu de cette année et des années antérieures résultant de la réclamation pour fins d'impôts de provisions pour primes non gagnées supérieures aux montants inscrits aux livres est d'environ \$340,000.
Le report d'une perte d'une année antérieure expirant en 1969 est disponible pour compenser un revenu imposable maximum d'environ \$135,000.

NOTE 3. Au cours de l'année, la Compagnie a disposé de tous ses intérêts dans "The Guarantee Company of North America, New York".

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de
La Garantie, Compagnie d'Assurance de l'Amérique du Nord
Nous avons examiné le bilan de La Garantie, Compagnie d'Assurance de l'Amérique du Nord au 31 décembre 1968 ainsi que l'état de profits et pertes et celui du surplus d'exploitation pour l'année terminée à cette date. Notre examen a comporté une revue générale des procédés comptables ainsi que les sondages des registres comptables et autres preuves à l'appui que nous avons jugé nécessaires de faire dans les circonstances.
A notre avis, ces états financiers présentent fidèlement la situation financière de la compagnie au 31 décembre 1968 ainsi que ses résultats d'exploitation pour l'année terminée à cette date, suivant les principes et pratiques comptables conformes aux lois des assurances du Canada, appliquées de la même manière qu'au cours de l'année précédente.

RIDDELL, STEAD, GRAHAM & HUTCHISON
Le 28 février 1969

La Barantie, Compagnie d'Assurance de l'Amérique du Nord

BILAN AU 31 DÉCEMBRE 1968
(avec chiffres comparatifs pour 1967, 1966 et 1965)

Actif	1968	1967	1966	1965
En Caisse	\$ 125,419	\$ 130,537	\$ 151,102	\$ 30,494
Fonds en Fiducie	154,043	146,111	139,422	256,412
Billets à court terme	—	—	200,000	825,000
Valeurs négociables au prix coûtant (Note 1)	8,261,745	6,897,072	6,154,065	5,557,578
Intérêt couru à recevoir	105,098	88,613	76,711	78,409
Prêts hypothécaires	393,202	407,707	298,517	59,860
Primes à recevoir	866,400	737,388	468,501	491,312
Dû des réassureurs et autres compagnies d'assurances	43,888	105,067	61,349	21,448
Mobilier, agencement et automobiles au prix coûtant moins amortissement accumulé	42,063	40,682	34,270	29,018
Impôt spécial remboursable	11,956	16,267	13,000	—
Passif	\$ 10,003,814	\$ 8,569,444	\$ 7,596,937	\$ 7,349,531
Provision pour réclamations en cours et frais de réclamations (y compris provision pour réclamations non rapportées)	\$ 1,857,092	\$ 1,572,087	\$ 1,418,509	\$ 1,445,645
Provision spéciale pour garantie de cautions	170,300	186,949	188,339	202,487
Impôts et autres taxes	46,482	49,328	94,121	68,820
Dépôts des réassureurs détenus en fiducie	154,043	146,111	139,422	256,412
Autres dettes	671,067	628,024	537,436	626,604
Provision pour primes non gagnées	2,612,511	1,707,107	1,228,171	1,094,673
	5,511,495	4,289,606	3,605,998	3,694,641
Capital et surplus	\$ 10,003,814	\$ 8,569,444	\$ 7,596,937	\$ 7,349,531
Capital-actions —				
Autorisé —				
200,000 actions de \$5 chacune				
Emis et entièrement payé —				
133,720 actions				
133,720 actions				
Surplus d'exploitation	668,600	668,600	668,600	668,600
Réserve pour placements et autres éventualités	2,971,719	2,743,738	2,699,339	2,563,290
Réserve volontaire pour Fond de Pension des employés retraités antérieurement à l' inception du plan de Pension de la Compagnie	52,000	67,500	123,000	123,000
	4,492,319	4,279,838	3,990,939	3,654,890
	\$ 10,003,814	\$ 8,569,444	\$ 7,596,937	\$ 7,349,531

AUX ACTIONNAIRES

Le Conseil Administratif vous présente le quatre-vingt-seizième rapport annuel, arrêté au 31 décembre, 1968, ainsi que l'état consolidé de l'actif et du passif de la compagnie, des rapports financiers connexes, et du rapport des vérificateurs.

La vente de notre filiale "The Guarantee Company of North America, New York", fut conclue le 1er octobre, 1968. La totalité des produits de la vente fut rapatriée au Canada et de cette transaction, votre compagnie réalisa un profit de \$85,678.

La valeur aux livres des investissements et prêts hypothécaires de la compagnie s'élève maintenant à \$8,654,947., soit une augmentation de \$1,350,168. durant l'année écoulée. Le revenu net d'investissement s'est chiffré à \$373,398., soit une augmentation approximative de \$47,000., sur 1967 et \$91,000., sur 1966. Les taux d'intérêt élevés continuent d'influencer défavorablement le prix des obligations, mais notre coutume d'investir dans les obligations ordinaires et privilégiées a, dans une certaine mesure, aidé à contrebalancer la chute des valeurs de notre portefeuille d'obligations.

Le profit net de l'année (y compris le gain non-récurent de \$85,678. sur la vente de notre filiale des U.S.A.) se chiffrà à \$332,829., ou \$2.49 l'action. Des dividendes de l'ordre de .90¢ l'action furent payés.

Lors de la dernière assemblée générale annuelle, M. A. A. Cumming manifesta son intention de ne plus servir au Conseil Administratif. Nous lui exprimons notre gratitude pour les judicieux conseils qu'il nous a donnés durant les années passées.

Une saine planification est essentielle pour assurer un progrès continu en Assurance, comme en toute autre Industrie. Vos Administrateurs et Dirigeants sont constamment à l'affût d'innovations et d'améliorations, lesquelles sont jugées nécessaires pour parer aux conditions variant d'année en année.

Votre compagnie croit fermement en l'avenir du Canada. Nous croyons juste de réaffirmer notre foi en notre pays et espérons que d'autres personnes détenant des positions de commande dans l'Industrie et la Législature en feront autant.

En votre nom, les Administrateurs désirent remercier nos agents et tous les employés dont le concours loyal et efficace a contribué au succès de la compagnie au cours de l'année écoulée.

pour le Conseil d'administration
GEORGE W. MILLAR
Président

Votre compagnie, en 1968, a persévéré dans son programme d'accroissement. Les primes brutes se chiffrèrent à \$5,498,600., soit une augmentation de plus de \$1,300,000., sur l'année précédente. Tous les Services de production accusèrent une augmentation d'affaires souscrites, et ce fait fut plus spécialement évident aux Services biens et casualité.

La prime nette de la compagnie (nette après réassurance) s'est accrue substantiellement durant l'année, elle est passée de \$2,993,942. en 1967, à \$5,017,349. en 1968. La quote de sinistre obtenue, soit 47% fut très satisfaisante. Cependant, vu l'augmentation de \$905,697., dans la réserve pour primes non acquises, les chiffres dans leur ensemble ne peuvent indiquer un bénéfice d'exploitation statutaire. La moyenne de dépenses de la compagnie accuse une diminution de 4%.

Il est intéressant de constater que sur 5,894 nouveaux sinistres rapportés à la compagnie, 3,768 furent contrôlés par nos propres ajusteurs.

Nos plans de développement sont établis, et la compagnie a maintenant l'élan nécessaire qui devrait engendrer une autre année de progrès et d'accroissement contrôlé.

J. L. COOKE
Directeur général

CONSEIL ADMINISTRATIF

*J. P. BASSEL, C.R.	Toronto
<i>Associé — Bassel, Sullivan, Holland & Lawson</i>	
*PIERRE CÔTÉ	Québec
<i>Président — Laiterie Laval Ltée</i>	
*FRANK COWAN	Princeton
<i>Président — Frank Cowan Company Limited</i>	
*BRUNO DESJARDINS	Montréal
<i>Associé — Simard et Desjardins</i>	
DANIEL O'C. DOHENY, C.R.	Montréal
<i>Associé — Doheny, Day, Mackenzie & Lawrence</i>	
G. BLAIR GORDON	Montréal
<i>Président — Blair & Company</i>	
H. CAMERON HAWKEN	Montréal
<i>Vice-Président - Finance — Marine Industries Limited</i>	
*D. W. MCLEAN	Montréal
<i>Président — McLean, Budden Limited</i>	
R. R. MCLERNON	Montréal
<i>Président — Acer, McLernon Incorporated</i>	
W. J. MILHAUSEN, P.Eng.	Toronto
<i>Associé — Marani, Rounthwaite and Dick</i>	
*G. W. MILLAR	Montréal
<i>Président — Lyman Tube & Supply Co. Ltd.</i>	
H. M. RAWLINGS	Montréal
<i>*Membre du Comité Exécutif.</i>	

LA DIRECTION

G. W. MILLAR	<i>Président</i>
J. P. BASSEL, C.R.	<i>Vice-Président</i>
PIERRE CÔTÉ	<i>Vice-Président</i>
FRANK COWAN	<i>Vice-Président</i>
BRUNO DESJARDINS	<i>Vice-Président</i>
J. L. COOKE	<i>Directeur général</i>
G. H. DOBLE	<i>Assistant Vice-Président</i>
G. G. MILNES	<i>Contrôleur</i>
DAPHNE L. CATLIFF	<i>Secrétaire</i>
MILDRED L. JONES	<i>Assistante Secrétaire</i>
D. M. CHADWICK	<i>Trésorier</i>
PROCUREURS: Doheny, Day, Mackenzie & Lawrence	
AUDITEURS: Riddell, Stead, Graham & Hutchison	

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Quatre-vingt-seizième rapport annuel

du conseil administratif de

La Garantie, Compagnie d'Assurance de l'Amérique du Nord

à l'assemblée générale annuelle des actionnaires

mercredi, le 30 avril 1969

GÉRANT-GÉNÉRAL

J. LORNE COOKE

CHEFS DE DÉPARTEMENTS

G. H. DOBLE	Garantie — Cautonnement
M. L. JONES	— Fidélité
A. LALONDE	Service des biens
J. A. LAPIERRE	Réclamations
G. G. MILNES	Comptabilité
B. SOUCHEREAU, A.I.A.C.	Automobile, Responsabilité, Risques Multiples

INSPECTEURS AU SIÈGE SOCIAL

J. M. ALLARD W. J. ASSELIN R. BEAUDOIN
 V. DOOLEY B. HOLLINGSWORTH

SUCCESSALES

QUÉBEC
 QUÉBEC — P. A. DESMARAIS, A.I.A.C. SHEERBROOKE — R. DUPRAS
 TROIS-RIVIÈRES — J. PAGÉ

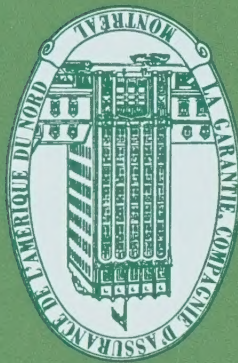
ONTARIO

TORONTO — W. ADAM - Feu et Casualité
 W. J. GARDNER - Cautonnement et Fidélité
 WOODSTOCK — T. L. BENNETT P. KINSELLA
 OTTAWA — W. G. ADAMSON

**La Garantie, Compagnie d'Assurance
de l'Amérique du Nord**

Incorporée en 1851

Détenant une Charte Fédérale depuis 1872



SIÈGE SOCIAL

MONTREAL

Fidélité et Caution

Incendie, Automobile et Casualité

La Compagnie innovatrice de l'Assurance Fidélité en Amérique du Nord

QUATRE-VINGT SEIZIEME RAPPORT ANNUEL

1968